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THE TREND TOWARD DICTATORSHIP IN JAPAN

by

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with the aid of the Research Staff of the Foreign Policy Association

ON September 18, 1931, when Japan's army leaders launched the intervention in Manchuria, the Japanese political system entered on a period of profound crisis. Within eight months, which witnessed the assassination of an ex-finance minister, a representative capitalist and a premier, two party governments were driven from office. During this period military-fascist forces threatened the complete overthrow of Japan's constitutional system. On May 22, 1932, one week after Premier Inukai's assassination, Admiral Saito formed a super-party coalition cabinet which held office until July 3, 1934. The Saito Cabinet took over much of the military-fascist program, and thereby gained a measure of control over the direction and pace of its advance. Much the same function has since been performed by the Okada Cabinet, set up on July 7, 1934. These two cabinets have successfully bridged over a transitional period of extreme difficulty, but it is yet uncertain whether they have facilitated a return to party government or paved the way for a dictatorship.

The political crisis in Japan, as in many other countries, has been a direct outgrowth of the depression and the consequent economic breakdown. Post-war readjustment in Japan was delayed far longer than in most Western countries, giving rise to a severe financial panic as late as 1927. The gains of the "boom" years were not only short-lived but unequally distributed over the various classes of the population. Even before the depression the condition of the industrial workers and the lower middle classes was steadily deteriorating, while the rural areas were in a state of chronic distress.

In the modern industrial era, no less than in feudal times,¹ Japan's national economy has rested on a base constituted by the farming population. The taxation system, through a combination of direct and indirect imposts, weighs disproportionately on the agricultural sections of Japan.² Direct per capita taxes,

state and local, have increased as follows: 1891—2.2 yen; 1911—10.1 yen; 1919—18 yen; 1930—25.8 yen.³ In addition to heavy taxes, the farmers have had to meet the costs of usurious loans, fluctuating prices and expensive fertilizers. The great masses of tenant farmers are additionally burdened with high rents. When the depression set in, rice and silk prices dropped sharply, so that the income which Japanese agriculture derived from these products fell from ¥1,500,000,000 in 1929 to 922,400,000 in 1932 and to 778,000,000 in 1933.⁴ Rural indebtedness steadily increased to a sum that approached 5 billion yen in 1932.⁵ The severity of Japan's agricultural crisis at this time reduced many rural districts to famine conditions.⁶

The sufferings of the rural classes were also shared by the working class in the cities. Rationalization in industry, made increasingly effective after the 1927 panic, forced the miserable pittance of the industrial workers to a still lower level. With the curtailment of production, enforced through quotas set by the cartels and the government, and with the wider use of improved machinery, an unemployed army of two or three millions appeared for the first time in Japan.

Under the impact of the economic crisis, the situation of the lower middle classes became equally intolerable.⁷ Small business establishments found it less and less possible to stand out against increasing industrial concentration. The monopoly branches of industry came through the rigors of the depression unscathed, but those branches in which no limitation was placed on production suffered heavy losses. The pressure on small industry and trade, indebted to the extent of 2½ billion yen in 1932,⁸ was intensi-

1. For conditions of the rural masses in the feudal Tokugawa era, cf. G. B. Sansom, *Japan* (New York, Century, 1931), p. 454-462.

2. Shigeichi Mayeda, "Our Stricken Agriculture," *Contemporary Japan* (Tokyo, The Foreign Affairs Association of Japan, September 1932), p. 271.

3. O. Tanin and E. Yohan, *Militarism and Fascism in Japan* (New York, International Publishers, 1934), p. 150.

4. *Ibid.*, p. 152.

5. *The Times* (London), July 5, 1932.

6. *New York Times*, June 7, 1932.

7. Emil Lederer, "Fascist Tendencies in Japan," *Pacific Affairs*, December 1934, p. 380.

8. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 150.

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fied by the gradual closing of the small and medium banks. The middle class intelligentsia also suffered acutely. Drastic wage cuts were imposed on salaried employees in business and official life, while school and college graduates found it almost impossible to secure employment.

Toward the end of the last decade these conditions had already become sufficiently serious to generate widespread social discontent, both urban and rural. Tenant struggles against the landowners increased from 6,669 in 1926-1928 to 8,331 in 1929-1931.⁹ In 1932 there were 3,414 recorded conflicts, and in 1933 there were 3,384. Of these agrarian conflicts, 44.5 per cent in 1932 and 58.3 per cent in 1933 were caused by the landowners' attempts to dispossess tenants.¹⁰

In the cities the resistance of the workers and middle classes also increased. In 1926-1928 government organs recorded 3,483 labor conflicts involving 332,510 persons; in 1929-1931 there were 6,165 conflicts involving 518,477 persons.¹¹ Despite increased repression, 4,114 conflicts involving 240,046 persons were recorded in 1932-1933. The small dealers' anti-department store movement, the demand for lower taxes and cheap credit by the artisans and small manufacturers, and

the demand for work by the intelligentsia represented diverse symptoms of the social discontent among the middle sections of the population. This unrest also found expression in the growth of Socialist parties and unions, and in Communist activities. A growing attraction to Marxism made its appearance and penetrated into all circles of the intelligentsia. In the universities professors and students directed their attention to the study and exposition of the Marxist classics, translations of which sold widely in Japan.¹² More than any other phase of the radical movement, this widespread interest in "dangerous thoughts" engaged the attention of the Japanese authorities. Efforts to counteract it ranged from direct suppression through mass arrests to the introduction of university courses dealing with the fundamentals of Japan's culture and history.

The economic situation and the resulting social unrest confronted Japan's ruling groups with a set of unprecedented problems requiring decisive action. In this crisis the older methods of the moderate leaders then in power had become unsuited to the continued maintenance of a privileged social order, and new political forces offering a bolder leadership rapidly came to the front.

THE FASCIST DRIVE FOR POWER (September 18, 1931—May 15, 1932)

The coup d'état in Manchuria on September 18, 1931 was primarily the result of an intense political struggle among Japan's ruling forces that had developed since 1930. Four groups were involved in this struggle: the capitalists, the landowners, the monarchist-bureaucratic elements, and the military cliques. The conflict between the members of this ruling bloc did not at all represent war à l'outrance. The basic necessity of preserving their ruling position, particularly against the threat of a social revolution, constituted a strong bond of union. Within the framework of this essential unity, however, there existed scope for serious differences of interest and policy, which were sharpened by the economic crisis. Struggles developed within the ranks of the capitalists over monetary policy, while the capitalists and landowners clashed over tariff and other issues. Even sharper conflicts arose between the military cliques and the bourgeoisie. In the last analysis these differences were resolved in favor of the group which secured control of the machinery of the state. The central struggle was waged at this point between the army leaders and the capitalists.

During and after the World War the industrial and financial interests of Japan had grown to maturity. Although the landowners still maintained an important position,¹³ with an independent rôle as collectors of tribute from the countryside, the capital squeezed from the peasantry in the form of rent was largely invested in industry and the banks. In recent years Japanese industry and trade have not only grown in relative size and importance but have increasingly fused with monopolies of finance capital. A half-dozen of Japan's huge family combines today constitute one of the most powerful financial oligarchies in the world. The banking houses of Mitsui, Mitsubishi and Sumitomo—constituting the Big Three—hold one-fourth of Japanese finance capital, while the Big Eight hold one half.¹⁴ In the decade of the twenties, as a result of the growing control of trade and industry by large aggregations of finance capital, Japan's national economy reached the stage of a highly developed monopoly capitalism.¹⁵

9. *Far Eastern Social Information* (Tokyo, Research Institute for Social Problems), June 11, 1934, p. 2.

10. *Ibid.*, p. 4.

11. *Ibid.*, June 1, 1934, p. 1.

12. H. E. Wildes, *Japan in Crisis* (New York, Macmillan, 1934), Chapter 10.

13. In 1925 over 50 per cent of the population still depended on agriculture for a livelihood. John E. Orchard, *Japan's Economic Position* (New York, McGraw Hill, 1930), p. 182.

14. "The Control of Industry in Japan," *Problems of the Pacific, 1933* (University of Chicago Press, 1934), p. 255.

15. Finance capital dominates in Japan despite the relative importance of agriculture and also, except for the textile industry and a few others, despite the backward features of Japanese industry, such as its insufficient concentration and inadequate technical modernization. For these latter drawbacks, cf. Orchard, *Japan's Economic Position*, cited, Chapter 11.

By reason of their growing economic power, the Japanese financiers and industrialists secured an increasing measure of control over the organs of government. Their influence over the political parties had been early established, and became virtually supreme in the years following the war. The close relation between the Mitsubishi interests and the Minseito party is commonly acknowledged; while the Seiyukai party, though it continues to represent the landowners, is closely allied with the Mitsui interests.¹⁶ Nevertheless, this control of the parties did not necessarily assure the political hegemony of the capitalists, since Japan's system of government does not function in accordance with parliamentary practice.¹⁷ The Cabinet, for example, shares executive authority with the Privy Council, the Imperial Household Ministry, the Elder Statesmen, and the military organs. Many factors combine to reduce the lower house of the Diet to a subordinate position.¹⁸ It is significant that in recent years a government has only once been overthrown by a vote of non-confidence taken in the Diet.

For this reason, greater importance attaches to the fact that the capitalists have also been gaining positions of power in certain government organs that were previously closed to them. Many members of the upper house of the Diet, formerly an institution of the nobility, now represent the big concerns. In the Imperial Household, Baron Ichiki as Minister and Count Makino as Lord Keeper of the Privy Seal, by hindering the army chiefs' access to the Emperor, became a target for extremist attacks. Prince Saionji, last representative of the Elder Statesmen, is closely connected with the Sumitomo interests. Saionji's influence, operating from the strategic vantage point of adviser to the Emperor on the choice of Prime Minister, was mainly responsible for the succession of party Premiers from 1925 to 1931.¹⁹

Undoubtedly the most striking deviation from responsible government, under Japan's governmental system, is the special position occupied by the military-naval organs. The Army and Navy Ministers, by imperial ordinance, cannot be civilians but must be ranking military or naval officers. On oc-

casions, as in the case of the Saionji government in 1913, the refusal of army officers to serve in a cabinet has led to its downfall. The latent threat of such action always exerts a certain degree of pressure on the composition and policies of a cabinet. The Army and Navy Ministers, furthermore, have the right of direct access to the Emperor, without reference to the Prime Minister. This right is also shared by the military and naval chiefs of staff and by members of the supreme war council, a body which is in no way subordinate to the Army and Navy Ministers. Finally, since the general staffs exercise supreme command over the armed forces, they can on occasion initiate or conclude military action without authorization by the government, although such an act is normally the result of imperial sanction given to a decision of the cabinet.²⁰ As Colegrove says, "the separation of the military establishment from civil control not only places enormous power in the hands of the Emperor, but also enhances the control of the military clique in case the Emperor gives ear to the war lords rather than the political chiefs."²¹

The decade of the twenties, when the capitalist elements were intrenching themselves more firmly in the organs of government, witnessed profound changes in the army. With the declining influence of the Choshu clan, which had dominated the supreme military command, the social composition of the officer ranks noticeably altered. Between 1920 and 1927, 30 per cent of the new officers came from families of small landowners, rich farmers and lower middle classes in urban areas, and this percentage steadily increased.²² Their background led these young officers to oppose the effects of monopoly capitalism, while their personal interests led them to challenge the positions held in the army by the older conservative clan generals. The latter, however, were already being pushed out by middle-rank officers coming from the poorer and less influential clans, which were closely connected with the smaller landowners and the lower middle classes. By 1930 this middle group of officers, including Generals Muto, Araki, Mazaki and Hayaishi, began to gain control of the supreme war council.²³ On the surface, at least, these generals had not been compromised by connections with the big concerns, the bureaucrats or party leaders. Assuming the position of the disinterested soldier, they were enabled to come forward as a force uniting

16. T. Tachibana, "Influence of Mitsui and Mitsubishi in Japanese Political and Economic Life," *China Weekly Review*, April 14 and 21, 1934; also Harold S. Quigley, *Japanese Government and Politics* (New York, Century Co., 1932), p. 219.

17. Quigley, *Japanese Government and Politics*, cited, Chapters 6-11; also Kenneth Colegrove, "The Japanese Emperor" (*The American Political Science Review*, August and October, 1932); "The Japanese Privy Council" (*Ibid.*, August and November, 1931); "Powers and Functions of the Japanese Diet" (*Ibid.*, December 1933 and February 1934).

18. Among these may be noted the equal powers exercised by the House of Peers, certain functions of the Privy Council, restrictions and exceptions in framing the budget, and the ordinance power of the Cabinet.

19. In this period six successive cabinets were headed by Prime Ministers who were also the leaders of the controlling party in the lower house of the Diet. A single-party government had been formed only once before, under Hara in 1918. Out of 36 cabinets since 1890, only 7 have been uni-party.

20. Quigley, *Japanese Government and Politics*, cited, p. 109-110.

21. Colegrove, "The Japanese Emperor," cited, October 1932, p. 835.

22. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 180.

23. The junior representatives of this movement were Colonels (now Major Generals) Ishihara, Itagaki, Dohihara, Okamura and Nagata, who all exercised great authority among the young officers. *Ibid.*, p. 182.

the nation, and so to take the lead in a "national" reformation. By deflecting the suppressed grievances of the younger officers and the general discontent of the lower middle classes into this movement, through the broad use of anti-capitalist slogans, they were in the last analysis strengthening the position of all of Japan's ruling groups, including the capitalists.

This military clique came to the fore at the very time when the Minseito government (1929-1931) most clearly expressed the political hegemony of the capitalists. A single-party cabinet, with a large majority in the Diet, was guided by distinguished leaders: Shidehara, Hamaguchi, Inouye, Wakatsuki. In October 1930 they had enforced the ratification of the London Naval Treaty in the teeth of determined military-naval opposition. Soon after the army leaders, headed by Generals Muto and Araki, launched a nation-wide campaign of nationalist propaganda. Premier Hamaguchi was shot on November 14, 1930, the victim of a "patriotic" assassin.²⁴ This incident merely intensified the military-fascist campaign, which developed its propaganda attack along three main lines:²⁵

1. *Political.* The alliance between the parties and the capitalists was corrupting Japan's institutions of government. This corrupt "system" should be abolished. The army should be given political leadership, since it was the sole disinterested force that could be trusted to uphold the dynasty and subordinate conflicting interests to the welfare of the nation as a whole.

2. *Foreign.* The "weak-kneed" policy of Baron Shidehara, Foreign Minister in the Minseito Cabinet, was threatening Japan with disaster. His conciliatory policy toward China, by encouraging Chinese aggression, was destructive of Japanese prestige in the Far East. The ratification of the London Naval Treaty had dangerously weakened Japan's national defense. National policy required the creation of a powerful colonial empire on the Asiatic mainland, the crushing of the Soviet Union, and thus the spread of the "kingly way" (*Kodo* or *Wang Tao*) to other countries.²⁶

3. *Economic.* Capitalism had to be replaced by "state socialism." The government (i.e., the army leaders under the Emperor) should assume control of industry and finance, and end the agricultural crisis.²⁷ The "Red menace," that is, all revolutionary manifestations, should be mercilessly crushed.

For a campaign of this type the militarists possessed a number of strategic advantages. They controlled the Society of Reservists, which included some 3,000,000 ex-soldiers. With its allied patriotic organizations, this society has some 50,000 local posts and branches scattered throughout the country, embracing an active membership estimated

at half a million. In addition, there exists a host of reactionary societies of all shades, with possibly 250,000 active members, which are all connected in one way or another with the army chiefs.²⁸ These societies vary greatly in social composition; they also perform many different functions. Some specialize in espionage work abroad under the War Ministry, some are specifically devoted to combating Communism, some are out-and-out terrorist groups, while others are strike-breaking organs. One of the most important of these societies—the *Kokuhonsha* or State Foundation Society—was organized in 1924 by Baron Hiranuma, now vice-president of the Privy Council. Its estimated membership of 80,000 is drawn from the highest social strata, including landed proprietors, capitalists, government officials, bourgeois intelligentsia, and officers.²⁹

In the summer of 1931 the campaign of the army leaders definitely entered the sphere of political action. Seizing on provocative developments in Manchuria, not unconnected with the activities of the army itself, the general staff openly pressed the Foreign Office to take "positive" action.³⁰ At this period General Minami, Minister of War, headed an aggressive military clique which was competing with the ultra-aggressive Muto-Araki group for the leading rôle in the army.³¹ Meanwhile, the rapid loss of public confidence in the political parties was sapping the foundations of the Minseito government. The general uncertainty led to a wavering in the allegiance of influential sections of the capitalists, some of which began to advocate a reversal of the Minseito's deflationary policy, while others felt the need of a stronger hand to control the developing crisis. These conditions enabled General Minami, acting right within the Minseito Cabinet, to prepare for a military coup in Manchuria.³² Plans were carefully laid, and on September 18, 1931 the military took independent action at Mukden, Changchun and other points in Manchuria. The efforts of Baron Shidehara to limit the scope of military operations proved unavailing, and the Foreign Office was forced into the position of apologist to the world for events in Manchuria which it was powerless to control.³³

Under cover of the excitement engendered by war conditions, the military leaders were

28. For a careful estimate of the total strength of the Reservists and the various reactionary societies, cf. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 63, 272-274.

29. In 1930-1931 the *Kokuhonsha* conducted a vigorous agitation against the London Naval Treaty, and became closely associated with the army leaders, especially the Muto-Araki group. This connection, given the social composition of the *Kokuhonsha*, is a significant indication of the real aims of the military leaders, despite their anti-capitalist demagoguery.

30. T. A. Bisson, "Japan and Manchoukuo," *Foreign Policy Reports*, June 22, 1932, p. 89-90.

31. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 207-208.

32. Bisson, "Japan and Manchoukuo," cited, p. 90-91.

33. Colegrove, "The Japanese Emperor," cited, p. 834-835; Quigley, *Japanese Government and Politics*, cited, p. 115-116.

24. He lived on until August 26, 1931, never fully recovering. The assassin, Tomoe Sagoya, apparently acted on his own initiative.

25. For a detailed exposition, cf. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 184-203.

26. Note Araki's speeches. *Ibid.*, Appendix; also *The Trans-Pacific*, August 4, 1932, p. 5.

27. For details of the economic program, cf. T. A. Bisson, "The Rise of Fascism in Japan," *Foreign Policy Reports*, October 26, 1932, p. 202, footnote 59.

able to press forward all along the line with their political program. Extreme nationalist propaganda, fostered by direct and indirect censorship and the rigorous suppression of pacifist views, took the center of the stage. Broad sections of the lower middle classes and the peasantry, as well as the workers, succumbed to the nationalizing process. With popular support rallied behind them, the army cliques intensified their assault on the correspondingly weakened Minseito government. Military conspiracies directly aimed at the seizure of political power occurred in rapid succession.³⁴ The attacks by the military, powerfully seconded by financial groups which pressed Finance Minister Inouye to abandon the gold standard,³⁵ finally led to the collapse of the Minseito government on December 11. The Seiyukai Cabinet, formed by Tsuyoshi Inukai on December 13, immediately reimposed the gold embargo. In the War Ministry, General Minami gave way to General Sadao Araki, thus placing the most chauvinistic military clique in control of army policy. Unhampered by cabinet interference, the army leaders completed the conquest of Manchuria in February 1932, organized the "Manchoukuo" government in March, and carried through the attack on Shanghai.

Despite these gains, the army leaders were still far from satisfied. Prince Saionji had followed parliamentary procedure in advising the choice of Inukai, who was president of the Opposition Seiyukai party, for the post of Prime Minister. In the general election of February 20 the Seiyukai party, as a result of its control of the electoral machinery, won a sweeping victory. Having just overthrown the Minseito government, the military leaders were again confronted with a single-party cabinet, drawing its chief

strength from an unchallenged majority in the lower house of the Diet. The political struggle therefore continued with unabated intensity. Junnosuke Inouye, the former Finance Minister, was assassinated on February 9 and Baron Dan, head of the Mitsui interests, was shot on March 5. These assassinations were carried out by the Blood Brotherhood League, which had been founded in 1930 by Lieutenant Fujima and Nissho Inouye, a Buddhist priest of the Nichiren sect.³⁶ Late in March the Japanese police discovered that the Blood Brotherhood League had planned the assassination of a score of prominent political leaders, financiers and industrialists.³⁷

Even this plot was dwarfed by the affair of May 15, 1932, in which Premier Inukai was assassinated, bombs were hurled at the residence of Count Makino, at the Tokyo police headquarters, the Mitsubishi bank and the offices of the Seiyukai party, and an attempt was made to blow up the metropolitan power stations. These acts were carried out by several terrorist societies, composed of young naval officers, military cadets, students and peasants, including the Blood Brotherhood League, the *Jimmukai*,³⁸ and the *Aikyojuku*.³⁹ They were part of a wider conspiracy which aimed to take control of the capital by a military coup d'état.⁴⁰ Partially forewarned, the government had mobilized the police and placed the defense of the capital and the Emperor's residence in the hands of the chief of police instead of the garrison commander. The plot was disowned by the army leaders, although a number of high officers were closely connected with the terrorist societies directly involved. While unsuccessful, it played directly into the hands of the military cliques, who profited in the government reorganization that followed.

THE SAITO GOVERNMENT (May 22, 1932—July 3, 1934)

The full week which intervened between Premier Inukai's death and the formation of a new government reflected the seriousness of the political crisis precipitated by the attempted military coup. Prince Saionji devoted this period to a thorough canvass of the

views of the army, navy, Diet, Privy Council and Imperial Household officials. The army leaders refused to support a party cabinet

37. *New York Herald Tribune*, April 27, 1932.

38. The *Jimmukai* (Society of the Emperor Jimmu) is a secret terrorist organization of young military and naval officers, founded by Shumei Okawa in 1931. Prominent army figures are connected with it, including Lieutenant-General Kikuchi, a leader of the *Kokuhonsha*. Lieutenant-Colonel Hashimoto acted as head of the *Jimmukai*'s military department. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 225.

39. The *Aikyojuku* (School of Love for the Native Soil) was founded in 1920 by Nissho Inouye of the Blood Brotherhood League and K. Tachibana, head of an agricultural settlement at Mito. Members of the *Aikyojuku* were recruited from the peasant youths studying in Tachibana's agricultural school, who were imbued with the belief that the rural crisis resulted from the actions of the politicians and plutocrats, and that by killing these men they could "reestablish in its original purity the power of the emperor who would depend upon only the army and the people." The *Aikyojuku* was connected with the higher military officers through Lieutenant-General Kikuchi of the *Kokuhonsha*. *Ibid.*, p. 220-222.

40. The police report of the trial of the officers states that they were trying "to create a condition for the proclamation of martial law, to open a way for other forces to make a move for the acceleration of a national reform." *The Trans-Pacific*, November 16, 1933, p. 17. Cf. also Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 211.

34. A coup d'état, planned by the group surrounding General Minami, was discovered by the police on October 17, 1931 and failed to materialize. An even more ambitious effort, in which General Araki's clique took a direct part, was planned for November 3. It involved the *Kokuhonsha*, the Reservists, the National Confederation of Young Officers, and Ryohei Uchida's reactionary societies, as well as the Fascist section of the Social Democratic party led by K. Akamatsu. The police again discovered the plot; gendarmes were detailed to guard the residences of Premier Wakatsuki, Foreign Minister Shidehara and Count Makino, Lord Keeper of the Privy Seal, and the conspiracy was forestalled. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 209.

35. For details of the political rôle played at this time by the financial interests, cf. Bisson, "The Rise of Fascism in Japan," cited, p. 139.

36. The league's membership mainly included young officers and students; its aim was to use individual terror against the "corrupt political parties connected with the plutocracy." Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 207, 221, 224.

and demanded the establishment of a "national" government headed by Baron Hiranuma, leading figure in the *Kokuhonsha*. Dr. Suzuki, hurriedly chosen president of the dominant Seiyukai party on May 16, was the logical choice for the head of a party government. Prince Saionji elected neither of these alternatives, but secured the agreement of the army and the parties to the appointment of a compromise candidate—Admiral Saito, former Governor-General of Korea. A super-party coalition cabinet emerged, with three posts allocated to the Seiyukai party, two to the Minseito, two to the military, and six to non-party men. The outstanding figures were General Sadao Araki, who kept the War Ministry, and Finance Minister Takahashi.

Prince Saionji's action was admirably conceived to break down the spirit of intense partisanship that had been created by months of bitter political struggle. Although the conflict among Japan's ruling groups continued, it was confined for the time being to safer channels. In the general compromise the political parties suffered the most decisive loss. The theory of government responsibility to the Diet, which had been reinforced by six successive party administrations, experienced a grave set-back. Under the Saito government the parties became the pawns of the game, limited at best to the choice of throwing their influence behind the army (Araki) or the capitalists (Takahashi).⁴¹

On the other hand, although the basic demand of the militarists that the cabinet must stand above party allegiance as a "national" government was satisfied, the army extremists failed to establish a cabinet exclusively dominated by the military. To this extent the cabinet compromise represented a victory for the capitalist elements, despite the loss of authority by the parties. Actually, however, it set the stage for a period of collaboration between the army leaders and the capitalists, in the course of which the bulk of the Fascist program was put into effect. This process is illustrated by the measures taken with regard to the terrorists, the allocation of "relief" expenditures, Manchuria, the war budgets, industrial rationalization, and the suppression of radical movements.

General Araki's position changed in important respects after the events of May 15. The political crisis placed him at the center of governmental power in the Saito Cabinet, and enabled him to press for realization of the policies demanded by the army. Yet the extent of his authority sufficiently tempered his zeal to cause uneasiness among ex-

tremists bent on complete military domination, including some of the young officers. He had offered no resistance against the arrests and trials of those who had participated in the terrorist outrages, despite the fact that they had been instrumental in his rise to power. These trials furnished the lowest minimum of protection that the capitalist elements could demand against a further military coup. At the same time, they represented a sounding board for continued anti-capitalist propaganda, and gave concern to the high military-naval leaders by the added bitterness created among the young officers. Under these conditions, the examination of the accused was prolonged in the hope that popular agitation might subside, and the trials did not end until late in 1934.

During this period five important trials were in progress, involving the assassins of Premier Hamaguchi, former Finance Minister Inouye and Baron Dan, and Premier Inukai. Tomeo Sagoya, self-confessed slayer of Premier Hamaguchi, was sentenced to death on February 28, 1933.⁴² A year later, however, when the general amnesty of February 11, 1934 was ordered following the birth of Crown Prince Akihito, Sagoya was still alive and his sentence was commuted to life imprisonment.⁴³

The next settlements were reached in the three cases arising from the May 15 affair, which respectively involved eleven army cadets, ten naval officers, and twenty civilians. On September 19, 1933 the eleven army cadets implicated in the murder of Premier Inukai were sentenced to four years' imprisonment each by a military court-martial.⁴⁴ Of the naval officers, sentenced by an Admiralty court-martial on November 10, 1933, the two leaders who shot the Premier were given fifteen years, which may be reduced by parole; one was given thirteen years; three were given ten years; while four received suspended sentences which set them free at once.⁴⁵ The twenty civilians, implicated in the bombing of the Tokyo power stations, were sentenced on February 3, 1934 in the civil courts. Kozaburo Tachibana, head of the *Aikyoyuku*, was given life imprisonment; Shumei Okawa, leader of the *Jimmukai*, and two others were given fifteen years; while the sentences imposed on the remaining sixteen defendants ranged from three and a half to twelve years.⁴⁶

The members of the Blood Brotherhood League, implicated in the murders of Junnosuke Inouye and Baron Dan, were sentenced

41. As a result, the political parties tended to split up into smaller factions. The Seiyukai party divided into cliques, while a number of the Diet members seceded from the Minseito party and joined Kenzo Adachi's National League (*Kokumin Domei*), an organization which openly proclaimed Fascist aims and sought connections with the military.

42. *New York Herald Tribune*, March 1, 1933.

43. *New York Times*, February 11, 1934.

44. *The Trans-Pacific*, September 21, 1933, p. 8.

45. *Ibid.*, November 16, 1933, p. 16.

46. As a result of the amnesty of February 11, 1934 Tachibana's life sentence was reduced to twenty years, while the sentences of the other civilians, the army cadets and the naval officers were shortened by one-fourth. *Ibid.*, February 8, 1934, p. 8.

on November 22, 1934. Nissho Inouye, the Buddhist priest who headed the League, was given life imprisonment. The same sentence was meted out to the actual assassins: Tada-shi Konuma, who killed Inouye; and Goro Hishinuma, who killed Dan. Eight other members of the League received sentences ranging from three to fifteen years.⁴⁷

Despite the slow progress of the trials, intense and widespread public interest was aroused in favor of both the civilian and military-naval defendants.⁴⁸ The trials in turn provided a stimulus for further terrorist efforts, and throughout the 1932-1934 period the police uncovered a steady series of plots and attempted assassinations of high officials. The immediate necessity of keeping the reactionary societies within bounds, however, had now become apparent to all of Japan's ruling groups, including the higher military leaders. None of these later plots appear to have gained aid in high quarters, and none succeeded.

FARM RELIEF MEASURES

In June 1932, at a special Diet session, the Saito government had appropriated ¥193,000,000 for military expenditures in Manchuria, but had postponed the urgent problem of agricultural relief. This issue was of serious concern to the military leaders, especially to those officers coming from the ranks of the smaller landowners, who were rendered desperate by the fall in agricultural prices, the increasing burden of debt, and the growing resistance of the tenantry. Furthermore, since 80 per cent of the conscript soldiery is drawn from the rural areas, the progressive economic ruin of the peasantry threatened the army's stability.

The general agrarian crisis was sharpened in the summer of 1932 by crop failure and famine in the northern prefectures. At this time the Araki group organized a campaign for farm relief, which mobilized the Society of Reservists, the Imperial Agricultural Society (a landowners' organization), the agrarian deputies in the Diet, and a number of the reactionary societies. Newspapers published innumerable articles featuring the agrarian crisis, the Society of Reservists collected hundreds of thousands of peasant signatures to petitions for government aid, and peasant delegations bore these petitions to Tokyo.⁴⁹ The specific projects advocated were essentially landowner demands: government purchase of rice and silk, government credits on real estate, curtailment of rice imports from Korea and Formosa, gov-

ernment aid to local banks for purchase of farm estates. None of the projects called for a cancellation or moratorium on tenant payments, the real need of the rural masses. The campaign served the purpose of rallying the peasantry to the army's side, and diverted them from radical movements or revolutionary efforts to improve their conditions.

This broad agitation for farm relief measures quickly aroused the opposition of the industrialists, who were unwilling to allow the landowners a monopoly of state aid. Through the Central Association of Industrial Societies a counter-campaign was organized for government assistance to the small and middle industrialists, with a corresponding petition movement and press articles. The struggle for state funds soon reached a point which threatened the continuance of large military-naval appropriations. At the end of July General Araki told a conference of governors that, although he approved of "salutary measures in connection with the economic crisis," it could not be "forgotten for a moment that the settling of the Manchurian-Mongolian problem" was "of greatest importance."⁵⁰

A special Diet session met at the end of August 1932 to consider measures for agricultural relief. Although Finance Minister Takahashi had talked of schemes involving a sum of ¥1,600,000,000 spread over three years, the Diet passed a bill appropriating ¥170,000,000 for one year.⁵¹ In addition to the farmers, the beneficiaries of this aid were fishermen and "small merchants." Each government department was allotted a portion of the total sum, of which only 42 million yen went to the Department of Agriculture.⁵²

In the autumn of 1932 General Araki was expressing definite opposition to money grants for farm relief, and was advocating "mutual aid among the peasants, small traders and owners of small enterprises."⁵³ The basic interests of the militarists thus rendered them unable to show the peasants a way out of the crisis, even though the army leaders realized the danger of rural unrest. From this time on, the agrarian issue bulked less large under the Saito government. Relief expenditures continued but on a reduced scale, totaling ¥159,200,000 in 1933⁵⁴ and ¥79,400,000 in 1934.⁵⁵

MANCHURIAN ISSUES

During the Saito régime the aims of the military leaders with regard to Manchuria were not only completely realized but were

47. *Ibid.*, November 29, 1934, p. 16.

48. Without exception, the defendants admitted their guilt, asserting that their acts were motivated by the "purest patriotism." The courts were swamped with petitions demanding clemency for the accused. In the case of the naval officers it was announced that more than one million letters petitioning the court for mercy had been received, and that 1,022 of them had been signed in blood. (*New York Times*, November 9, 1933.)

49. *New York Times*, July 27, 1932.

50. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 199.

51. *New York Times*, September 5, 1932.

52. *Ibid.*, August 26, 1932. The War and Navy Departments secured ¥18,500,000 each.

53. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 200.

54. *The Trans-Pacific*, January 26, 1933, p. 12.

55. *Ibid.*, January 26, 1934, p. 13.

thoroughly accepted by all of Japan's ruling groups. Political leaders and the business interests joined whole-heartedly with the military to consolidate the gains achieved in Manchuria.⁵⁶ All the decisive steps on Manchurian policy were taken by the Saito Cabinet. Recognition of "Manchoukuo" was effected on September 15, 1932, and Japan's notice of withdrawal from the League of Nations was given on March 27, 1933. Jehol province was conquered by Japanese military forces in February-March 1933, and successive invasions of north China took place in April-May 1933. Finally, Pu Yi was elevated to the status of emperor on March 1, 1934. The steps in this program had been carefully planned in advance by the military. They were forecast as early as December 1931 in a pamphlet by Ryohei Uchida, leader with Mitsuru Toyama of the Black Dragon Society, which has acted abroad as the secret agency of the War Ministry for forty years.⁵⁷

The propaganda unleashed in Japan before and after September 18, 1931, was marked by an effort to prove that Manchuria constituted the key to the solution of the economic crisis. It was continually reiterated that capitalist exploitation would be abolished in Manchuria and that a "paradise" would be established which would supply the answer to the problems of the unemployed Japanese worker, the landless Japanese peasant, and the Japanese tradesman, artisan and employee. These demagogic statements, widely accepted by the Japanese middle and lower classes, were extremely useful in creating a broad mass support for the expansionist program. The real ends of this program, as seen by the higher military leaders and big business, were very different. To the militarists Manchuria represented preeminently an indispensable war base, while the financial interests reckoned on a sphere of profitable investment, as well as the acquisition of coal and iron deposits, enormous soya bean plantations, large timber reserves, and a network of railway and utility enterprises. This basic unity of purpose did not exclude the development of a struggle between the military leaders and the capitalists for domination of the central political and economic organs in the new state. On

August 8, 1932 the appointment of General Nobuyoshi Muto as Japan's proconsul in Manchuria, with full military, administrative and diplomatic powers, went far to establish the army's political supremacy.⁵⁸

Nevertheless, the course of developments in Manchuria under army auspices has not threatened the interests of the great Japanese financial and industrial concerns. In the early stages of the Manchurian occupation Japanese business men were concerned over the proposed "economic bloc," which involved the leveling of tariff barriers between Japan and "Manchoukuo." In practice tariffs have not been materially altered,⁵⁹ while the fears of Japanese mine operators over an influx of cheap Fushun coal were removed by an agreement between the South Manchuria Railway shareholders and the coal operators on the percentage of such imports.⁶⁰ Similarly, the army leaders soon overcame the early hesitancy of Japanese financial concerns to invest in Manchuria. New funds flowed into "Manchoukuo" chiefly through the South Manchuria Railway Company, a semi-government concern in which the Yasuda bank is the chief private shareholder. State socialism of this type means a union of the militarists with finance capital. The army leaders, however, are determined that the basis of this union shall be the maximum concentration of Manchurian resources on war preparations, and they have utilized their political control to assure the achievement of this objective.⁶¹ In the final analysis, this end must also represent an expansion of the sphere of activity of the financial concerns.

THE WAR BUDGETS

With the beginning of the Manchurian operations, the budgetary expenditures on Japan's armed forces mounted rapidly. Starting at 442.8 million yen in 1930-1931, military-naval expenditures increased as follows: 454.6 millions in 1931-1932; 697.2 millions in 1932-1933; 851.8 millions in 1933-1934; and 937.3 millions in 1934-1935.⁶² Despite the fact that total expenditure in this period advanced from 1,557.8 to 2,142.5 million yen,⁶³ the percentage taken by the armed forces steadily increased. In 1930-1931 military-naval expenditure accounted for 28 per cent of the ordinary budget, but in

56. In the special Diet session of June 1932, the Seiyukai and Minseitō parties offered a joint resolution urging the immediate recognition of "Manchoukuo." *New York Times*, June 14, 1932.

57. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 249-250. For early history of the Black Dragon Society, cf. p. 44-48. Its agents have worked in Russia, China, the Philippines, British India, Afghanistan and Central Asia. At present it is most active in war preparations against the U.S.S.R. and in extensive anti-Soviet propaganda within Japan, especially against the signing of a non-aggression pact. It maintains close contacts with Ataman Semenov, Professor Golgachev's group of "Siberian autonomists," Moslem émigrés led by Kourban Galiev, and other White Russian émigré circles. In its early years the Black Dragon Society was connected with the Yasuda financial interests, and Ryohei Uchida has always had contacts with Japanese big business. Y. Yoshida, prominent figure in Japan's business world, heads the society's Osaka branch. Its closest connections, however, are with the general staff and the War Ministry, from which it receives financial support.

58. Cf. Dr. S. Washio, *The Trans-Pacific*, August 4, 1932, p. 4; September 8, 1932, p. 4; July 28, 1932, p. 4.

59. *Empire in the East*, Joseph Barnes, ed. (New York, Doubleday Doran, 1934), p. 60-61.

60. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 194, 196.

61. By the beginning of 1934 the "Manchoukuo" authorities had constructed 625 miles of new railways, 1,375 miles of motor roads, and laid out 50 aviation bases. (*New York Herald Tribune*, February 12, 1934.) These activities are being steadily pushed forward, and included in 1934 the completion of the strategic railway from Harbin to Taiheio, opposite Blagoveshchensk on the Amur river. (*Ibid.*, December 15, 1934.)

62. League of Nations, *Armaments Year-Book, 1934*; *The Trans-Pacific*, December 7, 1933, p. 16.

63. *Financial and Economic Annual of Japan, 1933* (Tokyo, Department of Finance), p. 25.

1934-1935 it took 43.7 per cent.⁶⁴ Furthermore, since revenue showed a marked decline, the budgets were balanced by a series of loan flotations which have aggregated ¥2,650,000,000 since 1932.⁶⁵

These budgets supply evidence of a united effort on the part of Japan's ruling groups to push through the military operations in China and prepare for further eventualities. The position of the military leaders in the Saito government enabled them to drive through the appropriations against the opposition mustered each year by Finance Minister Takahashi, who wished to spread the expenses attendant on war preparations over a longer period. Business circles in Japan are chiefly concerned over the extent and distribution of the financial burdens that a full-sized war will entail and the support that can be mustered from other powers. For two years Foreign Minister Hirota's diplomatic efforts have been devoted to breaking down the partial isolation of Japan that followed the League's Manchurian decision in February 1933. Up to the present the support of other powers has not been assured, and the army leaders have been forced to bide their time. On this issue, as on many others, the Saito Cabinet was admirably constituted to reconcile the differences of the militarists and the financial interests.

TRADE, INDUSTRY AND LABOR

The Japanese trade revival that began in August 1932 provided the funds for a large increase in the import of war materials. In 1932-1933, for example, the greatest increases in Japan's purchases from the United States occurred in raw cotton, scrap iron, lead, copper and zinc.⁶⁶ These years also witnessed the further concentration and technical modernization of Japanese industry—a development in which the army leaders were definitely interested, particularly as it affected Japan's industrial preparedness for war. Increasing government intervention in industry, through the promotion of mergers and various control schemes, was strongly supported by the War Ministry.⁶⁷

Progressive rationalization of Japanese in-

dustry, added to a gradual inflationary trend, led to a general lowering of the living standards of the workers from 1932 to 1934.⁶⁸ Army influence on the Saito government in this period was shown by the drastic treatment meted out to striking workers, revolting peasants, and all left-wing movements. According to one estimate, 24,000 Communist suspects were arrested in these years.⁶⁹ The newspaper reports list three nation-wide Communist round-ups while the Saito government was in power. The first occurred in October 1932, when 2,200 suspects were detained, bringing the total arrests in 1932 up to 6,900.⁷⁰ From February 7 to November 12, 1933 another series of mass arrests was made, ending in the detention of 1,696 persons for examination.⁷¹ In May 1934 the police divulged the particulars of a third round-up, in which 736 Communist suspects had been arrested.⁷² During these years the police apparatus was further strengthened, all left-wing organizations that could be used by the Communists as a legal cover were smashed, and the revolutionary trade unions of Japan, numbering some 20,000 members,⁷³ were subjected to an unrelenting terrorism.

The authorities, however, placed no obstacles in the way of efforts to organize the workers by leaders of Fascist or reactionary societies. These efforts were facilitated by the flood of nationalist propaganda, yet in no case do they seem to have established a mass basis among the workers. Early in 1932 Katsumaro Akamatsu and some of his associates withdrew from their leading positions in the *Shakai Minshuto* (Social Democratic party), taking about half its following. Akamatsu then proceeded to organize a State Socialist party and a Japan Labor League, based on an outright Fascist platform, but the movement has made little progress. More important have been the efforts of Ryohei Uchida, working through the Black Dragon Society, to establish a mass organization known as the *Dai Nippon Seisanto* (Great Japan Production party), which numbered 100,000 members at the end of 1932.⁷⁴

THE OKADA CABINET (July 7, 1934 - - -)

A typically extraneous issue—this time a financial scandal⁷⁵—brought down the Saito Cabinet on July 3, 1934. The Diet was not in session at the time, and no political ques-

tion of a critical nature had arisen to disturb the government.

64. These percentages are calculated on the basis of the "general accounts" budget. The "special accounts" budget includes revenue-producing monopolies, certain items of military-naval expenditure, and items which in most countries would be considered emergency expenditures.

65. Statement by Mr. Hijikata, Governor of the Bank of Japan. *The Trans-Pacific*, December 13, 1934, p. 19.

66. *Monthly Return of the Foreign Trade of Japan* (Tokyo, Department of Finance), December 1933, p. 68-78.

67. *Wall Street Journal*, November 1, 1932; also Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 170.

68. Blison, "Japan's Trade Expansion," *Foreign Policy Reports*, October 10, 1934, p. 205-207.

69. Wildes, *Japan in Crisis*, cited, p. 100.

70. *New York Herald Tribune*, January 19, 1933.

71. *New York Times*, November 21, 1933.

72. *Ibid.*, May 22, 1934. The persons taken in these raids included, in addition to workers, men and women from the highest Japanese circles—judges, professors, officials, and sons and daughters of generals, peers and millionaire families.

73. *The Class Trade Unions of Japan* (New York, The Pan-Pacific Trade Union Secretariat), preface.

74. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 254-255.

75. Indictments against seventeen of the accused were returned on December 28, 1934. Two of those indicted were former cabinet members, including Baron K. Nakajima, Minister of Communications in the Saito Cabinet. *New York Times*, December 28, 1934.

The new cabinet, headed by Admiral Keisuke Okada, was formed along the same super-party coalition lines as its predecessor. The War, Navy and Foreign Ministers were retained.⁷⁶ Mr. Takahashi's place in the Finance Ministry was taken by his immediate subordinate, Mr. Fujii. The Home Ministry—key position in the event of an election—was given to Mr. Goto, an able non-party bureaucrat. Thus the five most important ministries were given to non-party men. Of the remaining minor posts three were given to the Seiyukai, two to the Minseito, and others to lesser bureaucrats.

From the Seiyukai party, Admiral Okada chose Mr. Tokonami and two of his followers, all of whom were members of a clique opposed to Dr. Suzuki, the party leader. This action was significant from a number of angles.⁷⁸ It tended to discredit Dr. Suzuki, supposedly because of his pro-army leanings. Furthermore, it contributed to the disruption of the Seiyukai party, which proceeded to expel all members who supported Mr. Tokonami. Finally, since Home Minister Goto had Minseito leanings, the Okada government was obviously establishing its parliamentary support on a Minseito basis, plus the followers of Mr. Tokonami. If necessary, it was apparently prepared to go through with an election in order to wipe out the Seiyukai majority.

In the brief period that has elapsed since its formation, several important steps have been taken by the Okada Cabinet. Of first importance was its denunciation of the Washington naval agreement on December 29, 1934. The new government has also framed a budget, which has been laid before the Diet for approval.⁸⁰ Following the customary struggle with the army-navy chiefs over the budget estimates, Finance Minister Fujii was forced to resign and Mr. Takahashi resumed the post. The presence of Takahashi strengthens the government's position before the Diet. Whether dissolution and an election can be avoided depends chiefly on the attitude taken by the Seiyukai leaders.

Two other important issues, involving agrarian relief and the reform of the Manchurian administrative organs, were taken up in a special Diet session which convened on November 27, 1934.⁸¹ At this time the

Diet voted a relief fund of 211 million yen. This fund, however, was spread over several years: 70 million yen was appropriated for the 1934-1935 fiscal year, 65 million for 1935-1936, and the remainder in succeeding years.⁸² Furthermore, the bulk of the fund was applied not to immediate relief purposes but to long-term projects. A tense situation developed in the special session on December 5, when the lower house passed a resolution demanding an additional appropriation of 180 million yen for relief purposes. The motion represented a Seiyukai raid on the treasury for the benefit of the landowners, and as such aroused the strong opposition of the bourgeois interests, as well as the army. It was finally downed by the government, but only after the threat of dissolution had been applied. Nevertheless, the motion squarely raised the issue of a billion-yen military-naval expenditure while relief funds were being stinted.

At this session funds were also appropriated for carrying through the reform of the Manchurian administrative machinery, which had precipitated a strike of the civilian officials of the Kwantung leased territory in October 1934. At the end of December, in accordance with this reform scheme, the control of Manchurian affairs was taken over by a new Manchurian Bureau within the cabinet, headed by General Senjuro Hayashi, the Minister of War. Under this bureau the Commander-in-Chief of the Kwantung Army, who is concurrently Ambassador to "Manchoukuo," exercises complete supervisory powers over the Kwantung leased territory as well as the South Manchuria Railway Company.⁸⁴ The newly proposed Japanese-Manchurian economic commission, however, would tend to indicate that the consolidation of army control over Manchurian policy will not unduly jeopardize the activities of Japanese business interests. Members of the commission will be "influential business men of the two countries," including the heads of the Japanese chambers of commerce in the chief Manchurian cities.⁸⁶

CONCLUSION

Nearly three years have passed since the critical events of May 1932. In this time the political tension has noticeably relaxed, owing in part to the extent to which the military-fascist program has been carried through in Manchuria and Japan. Even more largely, however, the lessened tension is due to improved economic conditions resulting from the trade revival and the ad-

76. General Senjuro Hayashi, Admiral Mineo Osumi, and Mr. Koki Hirota.

78. Dr. Washio, *The Trans-Pacific*, July 19, 1934, p. 4-5.

80. For the fiscal year 1935-1936 the Japanese budget is balanced at 2,190 million yen. The military-naval expenditure, fixed at 1,021 million yen, shows another large increase. The contrast between the growth of the total budget and that of military-naval funds in recent years has become even more marked. In the 1930-1931 fiscal year the army-navy estimates amounted to 442 million yen, or 28 per cent, of a total ordinary budget of 1,557 million yen. In the 1935-1936 budget the army-navy expenditures total 1,021 million yen, or 46.6 per cent, of an aggregate 2,190 millions. In other words, while the total budget has increased by 40 per cent, military-naval expenditures have increased by 130 per cent. Loan flotations in the new budget will total ¥750,357,000. *Japan Weekly Chronicle*, December 6, 1934, p. 776.

81. Severe natural disasters, culminating in the destructive September typhoon, had increased the distress in the agricultural regions, besides doing great damage to the Osaka industrial area. According to a report submitted to the Diet by the Home Ministry, the year's damage from natural calamities totaled ¥1,069,197,000. *The Trans-Pacific*, December 13, 1934, p. 19.

82. *Ibid.*, December 6, 1934, p. 14.

84. *The Trans-Pacific*, December 20, 1934, p. 14.

86. *Ibid.*; *New York Herald Tribune*, December 27, 1934.

vance in industrial production. Japan's total foreign trade for 1934, in terms of the yen, virtually equalled that for the boom year of 1929.⁸⁷ In August 1934 the index of Japanese industrial production, with 1928 as the base, stood at 144.⁸⁸ As a result, the profits of many concerns have greatly increased,⁸⁹ and unemployment has been somewhat reduced.

On the other hand, the acute agricultural crisis has in no way been relieved. In some respects this crisis is even more serious than it was two or three years ago.⁹⁰ Certain aspects of the industrial revival, moreover, raise questions as to its permanence. A large part has been played by the increased production of war materials, which affects relatively few industries. Many of the smaller industrial establishments, unaided by monopoly advantages, have never recovered from the slump, despite the growth in foreign trade. Furthermore, although the bulk of the new loans necessitated by the series of unbalanced budgets has been successfully absorbed,⁹¹ Japan's public debt has reached nearly ten billion yen, which places an increasing burden on current revenue. With the mounting military-naval expenditures, it becomes a question how long Japan can continue to avert disastrous inflation.

Although the industrial pick-up has bolstered the Saito and Okada cabinets, the agrarian crisis and the fiscal difficulties are sufficient to bar a return to the pre-crisis period, especially in view of the changes that have occurred in the contending political camps. The buffeting to which the parties have been subjected has rendered them suspect in the public mind, thus seriously compromising their authority. In the course of the formation of the Okada Cabinet, the parties were moved about like puppets in a fashion reminiscent of the bureaucratic cabinets before 1925. The trend toward a strong two-party system manifested in the "constitutional" period from 1925 to 1931 has been reversed. Both the Seiyukai and Minseito parties have recently tended to split into fractions, as the cohesive force provided by the prospect of a party government has weakened. These factors all militate

against a recovery of the prestige and authority formerly enjoyed by the political parties.

At the same time, the army shows no intention of relinquishing the vigorous political rôle it has played for the past three years. The new elements which the economic crisis pushed forward into leading positions in the army have increasingly strengthened their hold.⁹² These extremist leaders control the Society of Reservists and the reactionary societies, which taken together include possibly 750,000 active members. This potential fascist force, however, has not yet been consolidated into a unified mass movement, owing apparently to the fear of the army leaders that it might get out of hand. Nevertheless, a decisive move might easily originate with the military, around whom the reactionary groups would then rally. Such a step will not be taken by the military unless they are sure of a large measure of support from the bourgeois interests.

Since 1932 the army leaders have drawn close to some of the highest bureaucratic and capitalist circles.⁹³ Despite these contacts, the decisive weight of capitalist influence has so far continued to be thrown against a complete monopoly of governmental power by the military-fascist leaders. The series of bureaucratic cabinets initiated in May 1932, however, may well provide the transitional stage to a dictatorship which would dispense with the parliamentary trappings of Japan's governmental system. A basic improvement in Japan's economic situation, much more prolonged than now seems possible, would be necessary to overcome the obstacles that stand in the way of a return to stable party government. On the other hand, the next serious internal crisis or international conflict would once more foster all the tendencies toward a "strong hand in control." Given the position already occupied by the army leaders, and the connections they have formed with the big financial interests, there would be strong pressure toward the establishment of an outright Fascist régime.

87. Up to December 25 Japan's exports totaled 2,117 million yen and imports 2,209 million yen, showing increases of 17 and 18 per cent respectively over 1933. *New York Times*, December 30, 1934.

88. League of Nations, *Monthly Bulletin of Statistics*, December 1934, p. 537.

89. *Monthly Circular* (Tokyo, Mitsubishi Economic Research Bureau), June 1934.

90. Cf. "In Famine Stricken Tohoku," *Osaka Mainichi* (English edition), November 15-18, 20-21, 1934.

91. National bond issues since 1932 totaled 2,650 million yen in December 1934. Of the 2,016 million yen taken by the Bank of Japan, 1,751 million yen had been disposed of. *The Trans-Pacific*, December 13, 1934, p. 19.

92. Following his resignation as Minister of War in January 1934, General Sadao Araki was appointed a member of the supreme war council, which is now controlled by his adherents. (*The Trans-Pacific*, January 25, 1932, p. 12). General Mazaki, at present the closest associate of Araki, was at this time made Inspector-General of Military Education. General Hayashi, who succeeded Araki as War Minister, is also close to the Araki group.

93. The *Kokuhonsha* still provides the broadest contacts between the army leaders and the capitalists. It has steadily recruited new adherents, including ex-Premier Saito, Mr. Seihin Ikeda, managing director of the Mitsui interests, and through its auxiliary organizations such men as Foreign Minister Hirota and Prince Konoye, president of the House of Peers. In September and October 1932 Generals Araki, Mazaki and other army leaders were also meeting directly with the representatives of Japan's biggest financial interests, including the Mitsui, Mitsubishi, Okura and other houses. On Araki's proposal, plans were laid at these meetings to organize a Society of Military Friends of Industry, based on the Reservists. Cf. Tanin and Yohan, *Militarism and Fascism in Japan*, cited, p. 270.